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	Deputy Secretary of State		
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# The Director of Central Intelligence

Washington, D. C. 20505

7 December 1982

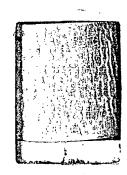
The Honorable George P. Shultz Secretary of State NOTE FOR:

George,

Attached are the analyses you requested of Moscow's view of Sino-Soviet relations, Beijing's views, and the current state of play in US-China relations.

William J. Casey

Attachments



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6 December 1982

MEMORANDUM

SUBJECT: Sino-Soviet Relations: The View from Moscow

The recent Sino-Soviet "consultations" in Beijing produced little in the way of substantive results, but the two sides have established a firm basis for more talks. The Chinese have made it clear that any real improvement in the relationship will depend on Soviet efforts to ameliorate at least some of the issues dividing the two countries. We believe the Soviets see major gains to be had in dealing with China, and are now considering what specific concessions to offer Beijing. Soviets probably have only a vague notion, however, of where the Sino-Soviet relationship is likely to go within the next year or But they are conscious of how far the Chinese have moved forward over the past year, and they may believe they face a unique "negotiating window" at present. If so, they may offer concessions going well beyond those they have offered China in the past -- inducements that could lead to significant movement on at least some key issues.

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#### Soviet Objectives

In our judgment, Moscow wants, first and foremost, to prevent any further erosion of its strategic position in the US-USSR-China relationship and to win back at least some of the ground it has lost in that relationship over the past decade. The Soviets clearly do not want antagonism on "two fronts" at a time of more assertive US policies, a mounting US defense effort, and ever increasing economic problems at home. They want assurances that China would not enter into a two-front war, and confidence of stability on their eastern flank while they concentrate on their competition with Washington.

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Moscow also wants to exploit the deterioration in US-Chinese relations that has occurred over the past year. The Soviets may think that an easing of Sino-Soviet tension is encouraging the US to question the wisdom of helping China to modernize its economy and defenses, and creating an environment in which Chinese disillusionment with the United States will fester. They certainly have long had an interest in persuading the US that Sino-Soviet ties are not frozen--if only to increase Moscow's leverage with Washington, and to make the US less confident about taking strong, anti-Soviet stands elsewhere in the world.

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Moscow probably is also hoping for an easing of Chinese hostility toward the USSR on a wide range of international issues, particularly on Afghanistan and Vietnam. Even a partial "thaw" with China could ease the pressure on the USSR's allies in Asia and reduce the danger of a US-China-Japan "alliance" in the Far East -- a prospect that, however unrealistic it seems to us, troubles the Soviets greatly. It also would give Moscow new freedom to compete with the US in the Third World.

### The Current Stage

We believe the Soviets recognize that the results of the talks to date can best be described as an improvement in the atmosphere, as opposed to a rapprochement or detente. But Moscow is probably encouraged by the fact that the Chinese have dropped their preconditions for talks and seem willing to address -- and respond to -- areas of difference individually, rather than push for action on all of their grievances at once. If such is the case, Moscow probably believes that Sino-Soviet ties are more open to improvement now than at any time during the past two 25X1 decades.

Moscow now must decide how much it is willing to pay for a further improvement in relations. General Secretary Andropov will be focusing on this issue between now, your visit to Beijing, and the resumption of the Sino-Soviet discussions early In our view, he is likely to make some conciliatory gesture to Beijing in the next month or so in order to keep the momentum of the Sino-Soviet dialogue going and to undercut any US efforts to revitalize the US-Chinese relationship. 25X1

#### Possible Soviet Concessions

A perception that they face a unique "window of opportunity" might well prompt the Soviets to offer concessions going well beyond the token gestures they have offered China in the past. Statements by Soviet officials indicate that Moscow thinks it has more room to maneuver on bilateral issues -- military deployments, for example, or the territorial dispute -- than on issues involving third parties, such as Vietnam and Afghanistan, and is hoping to channel the discussions with China in these directions.

Soviet forces: One major Chinese concern is the Soviet military buildup opposite China. In our judgment, the Soviet forces in the area are much stronger than required by the Chinese threat, and Moscow probably could afford any one of several "disengagement packages." We believe the USSR would retain superiority even if its air and ground forces in the area were cut by ten percent--that is, by about 60-70,000. 25X1

We do not rule out altogether the possibility of a Soviet unilateral move--such as the withdrawal of a division or so from the border or thinning out various units in the area. token gestures, however, could be highly controversial within the

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USSR. The Soviet military remains deeply concerned about the vulnerability of their long and exposed Siberian and Far Eastern frontier. There is also an emotional dimension to Soviet concerns about the Chinese that complicates dispassionate cost/risk calculations. Furthermore, it is probably not clear to Moscow what specific concessions a unilateral gesture to China will buy the USSR in return.

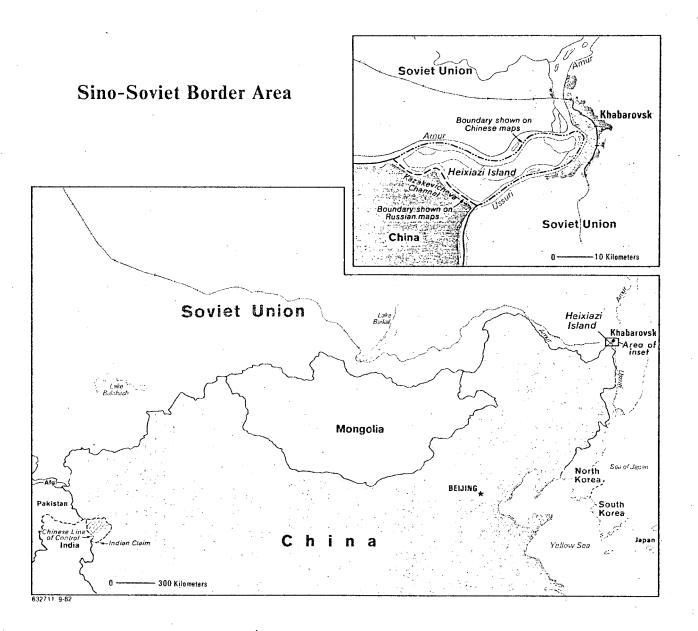
For these reasons, statements by Soviet officials are hinting at a mutual disengagement involving at least some reciprocal measures by the Chinese. We do not have any particulars on what the Soviets have in mind, but Moscow could offer to withdraw more than one or two divisions if Beijing would agree not to move its forces nearer the border. The Soviets could also propose to pull some of their forces back a specified distance from the border in some areas—say 100 kilometers—if the Chinese would keep their forces away from those areas.

Less dramatic Soviet proposals could involve advance notification of military exercises in the area, and allow the other side to send observers to those exercises. This would be consistent with Soviet commitments on their western frontier. Moscow also could propose a new set of rules governing the activities of border troops along the Sino-Soviet frontier, or limiting reconnaissance flights in that area. Recent Soviet speeches suggest that Moscow may indeed be thinking of something along these lines.

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Territorial issue: The Soviets could offer significant concessions to help settle the territorial dispute -- for example, accept the main channel as the border on the Amur and Ussuri Rivers, while offering compensation for Xeixiazi Island, opposite Khabarovsk. Moscow probably regards the island as an essential buffer zone for both the city of Khabarovsk and the Trans-Siberian Railroad, even though China's nuclear capabilities would allow it to destroy both targets without setting foot on the The Soviets might eventually offer to give up the island, as part of a broad settlement of the border dispute, but probably will put forward a number of alternative "packages" before going that far. Any movement on the border issue, moreover, almost certainly will depend on signals that Beijing, 25X1 too, is willing to compromise.

Mongolia: Moscow is not likely to satisfy Chinese demands for a complete troop withdrawal from Mongolia. Moscow regards its presence there as an integral component of its policy toward China, and it may be concerned that lessened support for Mongolia could promote nationalism or political instability there. But 25X1 the Soviets—according to the US Embassy in Beijing—have told the Chinese they are willing to discuss a troop withdrawal with the Mongolians. This suggests that the Soviets might consider withdrawing some troops—perhaps a division or so—in return for a PRC pledge of nonaggression against Mongolia.



Vietnam and Afghanistan: The Kremlin is hardly likely to end its support for Vietnam. The Soviets view their position in Vietnam as their one significant gain in Asia in the past decade. They could temper their backing for Vietnam to some extent, however, by curtailing shipments of equipment essential to Vietnamese operations in Kampuchea or putting increased pressure on Hanoi to scale down its operations there and devote more attention to getting its own economic house in order. The Soviets also could try to help arrange a face-saving settlement, such as a coalition headed by Prince Sihanouk, but thus far have insisted that the Kampuchea question is something for the Chinese to take up directly with the Vietnamese.

The Soviets could make tactical concessions to meet Chinese demands on the Afghan question—such as intensifying their professions of interest in a political settlement, approaching the Chinese for "help" in moderating Pakistan's policies toward Kabul or making a token troop withdrawal. Such moves, however, would only be gestures and would be so recognized by China.

Bilateral contacts: Finally, Moscow is sure to push for an expansion of mutually beneficial economic and cultural ties.

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Soviet officials are also, for the first time in years, talking about some resumption of party-to-party contacts and Moscow is clearly seeking to draw China back into the "socialist community."

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Soviets have, in the meantime, eased up on their efforts to block Beijing's attempts to expand ties with East European countries and West European Communist parties.

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## Soviet Expectations

The Soviets at this point are probably uncertain about just where the current Sino-Soviet dialogue will lead. In part, this is because so much depends on how willing the Chinese are to meet Soviet gestures with reciprocal concessions or to moderate their extreme demands. There is also an enormous legacy of mutual mistrust and suspicion on both sides.

We very much doubt that Moscow expects a rapprochement akin to the relationship which existed in the 1950s. The USSR has no reason to believe the Chinese are under the illusion that their main differences can be negotiated away. There is, in addition, always the possibility that some unforeseen development—a

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Vietnamese move into Thailand or Soviet exploitation of opportunities in Iran--could derail the whole process. 25X1

The most Moscow is probably hoping for is a limited detente with China--further relaxation of tensions, an increase in bilateral contacts, and movement on the border dispute or other key issues. The Soviets are, at the same time, mindful that this would require significant "give" on both sides, with the Chinese scaling down their demands regarding Kampuchea, Afghanistan, and Soviet troop deployments near China. A decision to accommodate the Chinese on any of these points would, by the same token, require a certain amount of "blood on the floor" in Moscow--not a very attractive proposition for Andropov and the other Soviet leaders at present. It could be portrayed as a continuation of Brezhnev's policy, however, and there are grounds for taking some risks, since a leader who could ameliorate the hostility with China would have pulled off a political coup.

Moscow probably has become more optimistic that such a limited detente is a real long-term prospect, but does not expect a dramatic 25X1 breakthrough in the near future. We would, in any event, expect the Soviets to negotiate long and hard on issues of true importance, such as the Soviet defense posture in the Far East or important areas of the border dispute. Furthermore, Moscow is reluctant to give away bargaining chips in advance, lest this merely whet Beijing's appetite.

But the Soviets, in our view, are also mindful of the dynamics of the negotiating process, and the extent to which the key variable is the existence in both Moscow and Beijing of the "political will" to settle at least some of their differences. They now sense more "political will" exists in Beijing than in many years. The Soviets may also believe that since both Moscow and Beijing have a list of grievances against the US, both sides have an added inducement to try to settle at least some of their differences. Therefore, the Soviets may well conclude that significant initiatives before or during the next round of talks in Moscow could further engage the Chinese in a process that would eventually lead to a significant improvement in the relationship.

The Soviets, thus, could have one or two surprises up their sleeves—dramatic moves that they could make on the eve of your visit to Beijing early next year. One real possibility would an announcement of a token troop withdrawal from the border coupled with an offer to hold discussions on more substantial, mutual reductions. A more remote possibility would be a unilateral troop withdrawal involving four or five divisions—a significant gesture by any standards, but one that would—in our view—still leave the Soviets a measure of superiority along their common border. Another possibility is an announcement that Moscow is prepared to cede Xeixiazi Island, opposite Khabarovsk, to China as part of a broad settlement of their border dispute.